MARKET AND FUTURE DEVELOPMENTS OF AIRLINE DISTRIBUTION
STRUCTURE

1. Drivers of development
2. Recent solutions inside and outside of the travel industry
3. Future scenario and new business models
FOUR DRIVERS OF THE AIRLINE INDUSTRY IN FOCUS

- personalisation & individualisation
- digitalisation
- ancillary services
- sales & distribution
LET’S HAVE A LOOK FROM THE CUSTOMERS’ PERSPECTIVE AND COME ALONG TO A PERSONALISED TRAVEL WORLD

identifying traveller behaviour for a truly personalised journey

personalising the travel experience

creating a innovated travel experience by traveller reviews

using the opportunities of wearable technology

data analytics, machine learning, cognitive computing

travel intelligence

source: amadeus
PERSONALISATION VS. INDIVIDUALISATION: WHAT WE SEE IS NOT ALWAYS WHAT WE GET

**personalisation**
- demographic information
- communication information (title, name, address, age, sex)
- personal information are researchable, calculable or purchasable

**individualisation**
- personal information
- transaction information
- behavioural attributes
- knowing customers’ needs before himself
- differentiated and targeted customer communication
TARGETING: HOW IT WORKS AND WHAT ARE THE CHANCES

- omni-channelling
- resource efficiency
- behaviour-based communication
- increasing conversion and sales figures
- deepening consumer loyalty
- extension of brand awareness
HOW DIGITALISATION INFLUENCES THE TOURISTIC WORLD

Wheel of digitalisation

- personalised services
- reducing operating costs
- individualised travel experience
- maximising willingness to pay
- implementing new travel styles
DIGITAL CHANGES IMPACT ALMOST ALL TOUCHPOINTS OF THE CUSTOMER JOURNEY

- planning
- booking
- arrival
- excursion
- destination
- departure

- virtual reality
- chatbots
- paperless travel
- social recommendation
- robotic butler service
- beacon technology
AIRLINES ALL OVER THE WORLD RELY UPON ANCILLARY REVENUES

Total Annual Airline Revenue of Ancillary Services

- High annual growth rates of ancillary revenue
- Different types and categories of ancillary service
- Importance of ancillary services for the revenue mix is growing

(*) estimated

source: ideaworkscompany
BUILDING A WORLD OF ANCILLARIES: POTENTIAL PRODUCTS AND BUNDLES ALONG THE CUSTOMER JOURNEY AT AIRPORTS

Customer Journey

Potential services and bundles for business travellers

- Inspiration @Home @Destination
  - Mobile Payment
  - Push-Notification
  - Heatmap

- Transit @Origin @Destination
  - Home-to-Gate
  - Parking Services
  - Airport-App
  - Shuttle service
  - Mobile Website Airport

- Airport
  - Airport information
  - Wi-Fi
  - Airport-Lounge
  - Pickup-Service
  - Transfer Coach Direction
  - Connection Mobility Services
  - Shuttle service
  - Shop & Collect
  - Rating platform
  - Social Media
  - Report at Trip Advisor

Potential services and bundles for leisure travellers

- Reflection @Destination @Home
  - Online questionnaire
  - Airport forum
  - Airline forum
  - Social Media

Ancillary services

Ancillary example for airports
THE NEXT FIVE YEARS MAY SEE MORE CHANGE WITHIN AIRLINE DISTRIBUTION THAN THE PREVIOUS 50

CHANGE AHEAD

TRAVELLER TYPES

FARE FILING

NEW TECHNOLOGIES

GOODBYE PSS, HELLO RETAILING

AIRLINE DIRECT

THE MIGHTY G

EXISTING DISTRIBUTION TECHNOLOGY

SPASH THE CASH
NDC IMPROVES THE PRODUCT EXPERIENCE WITH A CUSTOMER-FRIENDLY DISPLAYING, FULL AND RICH CONTENT AS WELL AS TRANSPARENT PRICE COMPARISON

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<th>„Green Screen“  à la GDS</th>
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<tr>
<td><strong>ID</strong></td>
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<td>AP 812</td>
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**Up-to-date e-retailing format**

- **Aldi Medion Lifetab**
  - 449EUR
  - 10 Zoll Touchscreen
  - 32GB RAM
  - WLAN & UMTS
  - Android 4.0
  - 1.2GHz Quad-Core
  - Customer rating

- **Samsung Galaxy Tab 2**
  - 429EUR
  - 10,1 Zoll Touchscreen
  - 32GB RAM
  - WLAN & UMTS
  - Android 4.0
  - 1GHz Dual-Core
  - Schutzhülle
  - Customer rating

- **Apple iPad 4**
  - 699EUR
  - 9,7 Zoll Retina Touchscreen
  - 32GB RAM
  - WLAN & LTE
  - Dual Core Prozessor
  - Leathercover
  - 36 months Apple Care
  - Customer rating

**Offer & order management**

**Dynamic pricing engine**

**Rich media consolidation**

**Personalised offers**
1. Driver of development

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DUE TO SWITCH TO A PERSONALISED WEBSITE SECRET ESCAPES IMPROVES ITS CONVERSION RATES MASSIVELY

PERSONALISATION

- 22.4% increase in clicks to a specific sale
- 30.4% increase in clicks to the purchase pages
- 210% increase in completed purchases

source: secretescapes.com
HILTON HHONORS: THE ALL IN ONE APP FOR BOOKINGS, CHECK-IN, PREFERENCES AND EVEN NIGHTLIFE

INDIVIDUALISATION

DON'T MISS THE FUN

Introducing Fun Finder

Imagine having events and offers at your fingertips.

- Close to the spa? Receive notifications for special spa offers.
- In the mood for a drink? Get invited to Happy Hour.

source: hhonors.hilton.com
TARGET MARKETING BASED ON SOCIAL MEDIA DATA FOR AN EXCELLENT CUSTOMIZED COMMUNICATION

TARGETING

- customer targeted communication based on the customer's Facebook profile
- Facebook profile shows hobbies, activities, preferences, friends etc
- website content adapts this information and suggests targeted offerings

source: sporthotel-elmau.de
MY TUI APP: ON THE WAY TO A FULLY DIGITAL, CONNECTED AND BEST INFORMED JOURNEY EXPERIENCE

- overview of all your journeys
- covering all touchpoints along the customer journey
- detailed information about all relevant aspects of your journey
- possibility to purchase extra services
- contact in case of emergency

source: meine-tui.de
DEEZER IS „LISTENING“ TO YOUR MUSIC PREFERENCES TO SET UP A PERFECT CUSTOMIZED EXPERIENCE

FIND YOUR FLOW. PRESS PLAY.

source: deezer.com
THE FUTURE OF WEARABLES DEPENDS ON AN ENTIRELY NEW BUSINESS MODEL: A COMPLETE CONNECTED FITNESS SYSTEM

source: juniperresearch.com
STRUCTURE

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GOOGLE DESTINATIONS OFFER TRAVEL PLANNING, BOOKING AND ORGANIZING

Features

- price information and comparison
- local information
- user recommendations and travel routes
- travel guide
- cost overview

source: google
AIRBNB OFFERS INDIVIDUALISED ACCOMMODATION AND EXTENDS ITS PRODUCT PORTFOLIO TO CAPTURE THE WHOLE TRAVEL PROCESS

- Perfect match of guests and hosts
- Neighbourhood that suits you
- Local tips by hosts

TOMORROW

- Flights
- Rental cars
- ...

Source: Airbnb
ARE VIRTUAL TRAVEL AGENCIES THE FUTURE? EXPEDIA STARTS CHATBOT FOR BOOKINGS VIA SKYPE

bookings in virtual travel agencies with automatic travel advices

Hello!
We can find you hotels for your next trip or help with a current trip. What would you like to do?

- Book a hotel
- Manage trips

At any time, you can enter “Start over” to start a new search or choose a new option.

Hotels in Boston for Labor Day weekend

OK, you’re looking for hotels in Boston, MA, checking in on Fri, Sep 1, 2017 and checking out on Tue, Sep 5, 2017. We’ll have hotel options ready for you shortly.

Type a message here

source: expedia
NEW TRAVEL FORMATS ARE CREATED BY INNOVATIVE OFFER CATEGORIES AND SERVICES

- INTERACTIVE ZONE
- SMART TECH ZONE
- VITALISING ZONE

Source: Ingo Wuggetzer, Airbus Concept Cabin 2050 A Sustainability Vision
DEPENDING ON THEIR PREFERENCES CUSTOMERS CAN CHOOSE A ZONE OR SWITCH THE ZONES DURING THE FLIGHT

Source: Ingo Wuggetzer, Airbus Concept Cabin 2050 A Sustainability Vision
WHAT AMAZON ECHO MEANS FOR THE TRAVEL INDUSTRY

micro moments

customer relationship automation

micro segmentation

voice analytics

chatbots

source: amazon
1. drivers of development

- Top four drivers will change the airlines industry enormously towards a more **direct**, **dynamic** and **differentiated** system structure.

2. Recent solutions inside and outside of the travel industry

- Hotels, travel operators, airlines as well as non-travel companies enrich their business with technology to offer **more customised**, **more efficient** and **more adorable** products or services.

3. Future scenario and new business models

- Divided booking and travel processes will transform into **one central platform** and innovations of products and services will **create a new way of travel experience**.
Dr. Fried & Partner
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